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**HOUSE BILL 1992**

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**State of Washington 66th Legislature 2019 Regular Session**

**By** Representative Schmick

AN ACT Relating to sports wagering; amending RCW 9.46.010, 9.46.0237, 67.16.010, 67.16.060, and 67.16.251; reenacting and amending RCW 67.16.200; adding new sections to chapter 9.46 RCW; adding new sections to chapter 67.16 RCW; and adding a new section to chapter 67.17 RCW.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

**Sec.**  RCW 9.46.010 and 1996 c 101 s 2 are each amended to read as follows:

(1) The public policy of the state of Washington on gambling is to keep the criminal element out of gambling and to promote the social welfare of the people by limiting the nature and scope of gambling activities and by strict regulation and control.

(2) It is hereby declared to be the policy of the legislature, recognizing the close relationship between professional gambling and organized crime, to restrain all persons from seeking profit from professional gambling activities in this state; to restrain all persons from patronizing such professional gambling activities; to safeguard the public against the evils induced by common gamblers and common gambling houses engaged in professional gambling; and at the same time, both to preserve the freedom of the press and to avoid restricting participation by individuals in activities and social pastimes, which activities and social pastimes are more for amusement rather than for profit, do not maliciously affect the public, and do not breach the peace.

(3) The legislature further declares that the raising of funds for the promotion of bona fide charitable or nonprofit organizations is in the public interest as is participation in such activities and social pastimes as are hereinafter in this chapter authorized.

(4) The legislature further declares that the conducting of bingo, raffles, and amusement games and the operation of punchboards, pull-tabs, card games, sports wagering, and other social pastimes, when conducted pursuant to the provisions of this chapter and any rules and regulations adopted pursuant thereto, are hereby authorized, as are only such lotteries for which no valuable consideration has been paid or agreed to be paid as hereinafter in this chapter provided.

(5) The legislature further declares that fishing derbies shall not constitute any form of gambling and shall not be considered as a lottery, a raffle, or an amusement game and shall not be subject to the provisions of this chapter or any rules and regulations adopted hereunder.

(6) The legislature further declares that raffles authorized by the fish and wildlife commission involving hunting big game animals or wild turkeys shall not be subject to the provisions of this chapter or any rules and regulations adopted hereunder, with the exception of this section and RCW 9.46.400.

(7) All factors incident to the activities authorized in this chapter shall be closely controlled, and the provisions of this chapter shall be liberally construed to achieve such end.

**Sec.**  RCW 9.46.0237 and 2005 c 351 s 1 are each amended to read as follows:

(1) "Gambling," as used in this chapter, means staking or risking something of value upon the outcome of a contest of chance or a future contingent event not under the person's control or influence, upon an agreement or understanding that the person or someone else will receive something of value in the event of a certain outcome. Gambling does not include fishing derbies as defined by this chapter, parimutuel betting, sports wagering, and handicapping contests as authorized by chapter 67.16 RCW, bona fide business transactions valid under the law of contracts, including, but not limited to, contracts for the purchase or sale at a future date of securities or commodities, and agreements to compensate for loss caused by the happening of chance, including, but not limited to, contracts of indemnity or guarantee and life, health, or accident insurance. In addition, a contest of chance ((~~which~~)) that is specifically excluded from the definition of lottery under this chapter ((~~shall~~)) does not constitute gambling.

(2) For the purposes of this section, "sports wagering" has the same meaning as provided in RCW 67.16.010.

NEW SECTION. **Sec.**  A new section is added to chapter 9.46 RCW to read as follows:

"Sports wagering" has the same meaning as provided in RCW 67.16.010.

NEW SECTION. **Sec.**  A new section is added to chapter 67.16 RCW to read as follows:

The legislature authorizes sports wagering at the physical property of a class 1 racing association authorized and licensed by the Washington state horse racing commission, at a class 1 racing association's authorized off-track satellite betting locations, and at tribal casinos.

**Sec.**  RCW 67.16.010 and 2004 c 246 s 5 are each amended to read as follows:

The definitions in this section apply throughout this chapter unless the context clearly requires otherwise.

(1) "Commission" ((~~shall~~)) means the Washington horse racing commission, hereinafter created.

(2) "Parimutuel machine" ((~~shall~~)) means and include both machines at the track and machines at the satellite locations, that record parimutuel bets and compute the payoff.

(3) "Person" ((~~shall~~)) means and include individuals, firms, corporations and associations.

(4) "Race meet" ((~~shall~~)) means and include any exhibition of thoroughbred, quarter horse, paint horse, appaloosa horse racing, arabian horse racing, or standard bred harness horse racing, where the parimutuel system is used.

(5) "Sports wagering" means the placing of wagers on the outcome of professional and collegiate sports contests at sports wagering facilities authorized under this chapter.

(6) "Sports wagering facility" means the physical property of a class 1 racing association, authorized off-track betting locations, and tribal casinos.

NEW SECTION. **Sec.**  A new section is added to chapter 67.16 RCW to read as follows:

The Washington state gambling commission must:

(1) Regulate sports wagering;

(2) Adopt rules and regulations prescribing conditions under which all authorized sports wagering is conducted in this state; and

(3) Regulate and maintain sports wagering by a class 1 racing association and off-track betting locations of the highest quality and free from any corrupt, incompetent, dishonest, or unprincipled practices, and negotiate with federally recognized Indian tribes in accordance with RCW 9.46.360 regarding sports wagering authorized at tribal casinos.

NEW SECTION. **Sec.**  A new section is added to chapter 9.46 RCW to read as follows:

In accordance with section 6 of this act, the commission must regulate sports wagering.

**Sec.**  RCW 67.16.060 and 2008 c 24 s 1 are each amended to read as follows:

(1) ((~~It shall be~~)) Except for authorized sports wagering, it is unlawful:

(a) To conduct pool selling, bookmaking, or to circulate hand books; or

(b) To bet or wager on any horse race other than by the parimutuel method; or

(c) For any licensee to take more than the percentage provided in RCW 67.16.170 and 67.16.175; or

(d) For any licensee to compute breaks in the parimutuel system at more than ten cents.

(2) Any willful violation of the terms of this chapter, or of any rule, regulation, or order of the commission ((~~shall~~)) constitutes a gross misdemeanor and when such violation is by a person holding a license under this chapter, the commission may cancel the license held by the offender, and such cancellation ((~~shall~~)) operates as a forfeiture of all rights and privileges granted by the commission and of all sums of money paid to the commission by the offender; and the action of the commission in that respect ((~~shall be~~)) are final.

(3) The commission ((~~shall have~~)) has power to exclude from any and all race courses of the state of Washington any person whom the commission deems detrimental to the best interests of racing or any person who willfully violates any of the provisions of this chapter or of any rule, regulation, or order issued by the commission.

(4) Every race meet held in this state contrary to the provisions of this chapter is hereby declared to be a public nuisance.

NEW SECTION. **Sec.**  A new section is added to chapter 67.17 RCW to read as follows:

(1)After payment of winning wagers and payment to a licensed sports wagering vendor, gross receipts from sports wagering must be divided as follows:

(a) 2.5 percent of gross receipts to the Washington horse racing commission;

(b) 2.5 percent of gross receipts to the Washington state gambling commission;

(c) 2.5 percent of gross receipts to the problem gambling account created in RCW 41.05.751;

(d) 2.5 percent of gross receipts to the Washington breeder awards account created in RCW 67.16.275;

(e) 2.5 percent of gross receipts to the Washington bred owners' bonus fund created in RCW 67.16.275;

(f) 2.5 percent of gross receipts to the class C purse fund account created in RCW 67.16.285 for purses, payment of jockey insurance security, capital improvements and license fees. A class C race meet must supply a report to the commission regarding use of all such funds; and

(g) The remainder is to be divided equally between the class 1 racing association and the class C purse fund account created in RCW 67.16.285 after deducing direct expenses required to operate sports wagering.

(2) Retention percentages in subsection (1) of this section do not apply to tribal casinos.

**Sec.**  RCW 67.16.200 and 2013 c 23 s 178 and 2013 c 18 s 1 are each reenacted and amended to read as follows:

(1) A class 1 racing association licensed by the commission to conduct a race meet may seek approval from the commission to conduct sports wagering and/or parimutuel wagering at a satellite location or locations within the state of Washington. In order to participate in sports wagering and/or parimutuel wagering at a satellite location or locations within the state of Washington, the holder of a class 1 racing association license must have conducted at least one full live racing season. All class 1 racing associations must hold a live race meet within each succeeding twelve-month period to maintain eligibility to continue to participate in sports wagering and/or parimutuel wagering at a satellite location or locations. The sale of sports wagers and parimutuel pools at satellite locations ((~~shall~~)) must be conducted simultaneous to all sports wagering and parimutuel wagering activity conducted at the licensee's live racing facility in the state of Washington. The commission's authority to approve satellite wagering at a particular location is subject to the following limitations:

(a) The commission may approve only one satellite location in each county in the state; provided however, the commission may approve two satellite locations in counties with a population exceeding one million. The commission may grant approval for more than one licensee to conduct wagering at each satellite location. A satellite location ((~~shall~~)) may not be operated within twenty driving miles of any class 1 racing facility. For the purposes of this section, "driving miles" means miles measured by the most direct route as determined by the commission; and

(b) A licensee ((~~shall~~)) may not conduct satellite wagering at any satellite location within sixty driving miles of any other racing facility conducting a live race meet.

(2) Subject to local zoning and other land use ordinances, the commission ((~~shall~~)) must be the sole judge of whether approval to conduct wagering at a satellite location ((~~shall be~~)) is granted.

(3) The licensee ((~~shall~~)) must combine the parimutuel pools of the satellite location with those of the racing facility for the purpose of determining odds and computing payoffs. The amount wagered at the satellite location ((~~shall~~)) must be combined with the amount wagered at the racing facility for the application of take out formulas and distribution as provided in RCW 67.16.102, 67.16.105, 67.16.170, and 67.16.175. A satellite extension of the licensee's racing facility shall be subject to the same application of the rules of racing as the licensee's racing facility.

(4) Upon written application to the commission, a class 1 racing association may be authorized to transmit simulcasts of live horse races conducted at its racetrack to locations outside of the state of Washington approved by the commission and in accordance with the interstate horse racing act of 1978 (15 U.S.C. Sec. 3001 to 3007) or any other applicable laws. The commission may permit parimutuel pools on the simulcast races to be combined in a common pool. A racing association that transmits simulcasts of its races to locations outside this state ((~~shall~~)) must pay at least fifty percent of the fee that it receives for sale of the simulcast signal to the horsemen's or horsewomen's purse account for its live races after first deducting the actual cost of sending the signal out of state.

(5) Upon written application to the commission, a class 1 racing association may be authorized to transmit simulcasts of live horse races conducted at its racetrack to licensed racing associations located within the state of Washington and approved by the commission for the receipt of the simulcasts. The commission ((~~shall~~)) must permit parimutuel pools on the simulcast races to be combined in a common pool. The fee for in-state, track-to-track simulcasts ((~~shall be~~)) is five and one-half percent of the gross parimutuel receipts generated at the receiving location and payable to the sending racing association. A racing association that transmits simulcasts of its races to other licensed racing associations ((~~shall~~)) must pay at least fifty percent of the fee that it receives for the simulcast signal to the horsemen's or horsewomen's purse account for its live race meet after first deducting the actual cost of sending the simulcast signal. A racing association that receives races simulcast from class 1 racing associations within the state shall pay at least fifty percent of its share of the parimutuel receipts to the horsemen's or horsewomen's purse account for its live race meet after first deducting the purchase price and the actual direct costs of importing the race.

(6) A class 1 racing association may be allowed to import simulcasts of horse races from out-of-state racing facilities. With the prior approval of the commission, the class 1 racing association may participate in a multijurisdictional common pool and may change its commission and breakage rates to achieve a common rate with other participants in the common pool.

(a) The class 1 racing association ((~~shall~~)) must make written application with the commission for permission to import simulcast horse races for the purpose of parimutuel wagering. Subject to the terms of this section, the commission is the sole authority in determining whether to grant approval for an imported simulcast race.

(b) When open for parimutuel wagering, a class 1 racing association which imports simulcast races ((~~shall~~)) must also conduct simulcast parimutuel wagering within its licensed racing enclosure on all races simulcast from other class 1 racing associations within the state of Washington.

(c) On any imported simulcast race, the class 1 racing association shall pay fifty percent of its share of the parimutuel receipts to the horsemen's or horsewomen's purse account for its live race meet after first deducting the purchase price of the imported race and the actual costs of importing and offering the race.

(7) A licensed nonprofit racing association may be approved to import one simulcast race of regional or national interest on each live race day.

(8) For purposes of this section, a class 1 racing association is defined as a licensee approved by the commission to conduct during each twelve-month period at least forty days of live racing. If a live race day is canceled due to reasons directly attributable to acts of God, labor disruptions affecting live race days but not directly involving the licensee or its employees, or other circumstances that the commission decides are beyond the control of the class 1 racing association, then the canceled day counts toward the forty-day requirement. The commission may by rule increase the number of live racing days required to maintain class 1 racing association status or make other rules necessary to implement this section.

(9) This section does not establish a new form of gaming in Washington or allow expanded gaming within the state beyond what has been previously authorized. Simulcast wagering has been allowed in Washington before April 19, 1997. Therefore, this section does not allow gaming of any nature or scope that was prohibited before April 19, 1997. This section is necessary to protect the Washington equine breeding and racing industries, and in particular those sectors of these industries that are dependent upon live horse racing. The purpose of this section is to protect these industries from adverse economic impacts and to promote fan attendance at class 1 racing facilities. Therefore, a licensed class 1 racing association may be approved to disseminate imported simulcast race card programs to satellite locations approved under this section, provided that the class 1 racing association has conducted at least forty live racing days with an average on-track handle on the live racing product of a minimum of one hundred fifty thousand dollars per day during the twelve months immediately preceding the application date. However, to promote the development of a new class 1 racing association facility and to meet the best interests of the Washington equine breeding and racing industries, the commission may by rule reduce the required minimum average on-track handle on the live racing product from one hundred fifty thousand dollars per day to thirty thousand dollars per day.

(10) A licensee conducting simulcasting under this section shall place signs in the licensee's gambling establishment under RCW 9.46.071. The informational signs concerning problem and compulsive gambling must include a toll-free telephone number for problem and pathological gamblers and be developed under RCW 9.46.071.

(11) Chapter 10, Laws of 2001 1st sp. sess. does not establish a new form of gaming in Washington or allow expanded gaming within the state beyond what has been previously authorized. Simulcast wagering has been allowed in Washington before August 23, 2001. Therefore, this section does not allow gaming of any nature or scope that was prohibited before August 23, 2001. Chapter 10, Laws of 2001 1st sp. sess. is necessary to protect the Washington equine breeding and racing industries, and in particular those sectors of these industries that are dependent upon live horse racing. The purpose of chapter 10, Laws of 2001 1st sp. sess. is to protect these industries from adverse economic impacts and to promote fan attendance at class 1 racing facilities.

**Sec.**  RCW 67.16.251 and 2005 c 351 s 2 are each amended to read as follows:

Class 1 racing associations may conduct horse race and sports wagering handicapping contests. The commission shall establish rules for the conduct of handicapping contests involving the outcome of multiple horse races.

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